



American Grain & Related Industries (A Farmer-owned Cooperative)

March 10, 1981

LETTER OF TRANSMITTAL

REGISTERED MAIL
RETURN RECEIPT REQUESTED

12983

RECORDATION NO. _____ FILED 12983

TO: Secretary of the Interstate
Commerce Commission
Room 2303

12th Street and Constitution Avenue, Northwest
Washington, D. C. 20423

MAR 13 1981 -4 55 PM

INTERSTATE COMMERCE COMMISSION

Attached to this Letter of Transmittal are the original and two counterparts of a Security Agreement between AGRI Industries Leasing Company, 1605 19th Southwest, Mason City, Iowa 50401, as Debtor, and American Grain and Related Industries (a Farmer-owned Cooperative), 2829 Westown Parkway, West Des Moines, Iowa 50265, as Secured Party, covering one hundred (100) Pullman Standard (PS-2-CD), A.A.R. mechanical designation LO, 100-ton covered hopper cars with a 4,750 cubic foot capacity each. These cars bear car identification numbers ALEX 1100 through 1199 inclusive. Also enclosed is our check in the amount of \$50.00 drawn to your order in payment of the required recordation fee.

After recording, please return the original Security Agreement showing the recording data to:

Richard E. Haesemeyer, Esq.
Bump & Haesemeyer, P. C.
#2 Corporate Place
1501 42nd Street
West Des Moines, Iowa 50265

If there are any questions concerning this matter, please call Richard E. Haesemeyer at 515/225-8811.

Sincerely yours,

AMERICAN GRAIN AND RELATED INDUSTRIES (a Farmer-owned Cooperative)

R. P. Kevlin
Assistant Vice President - Administration

Interstate Commerce Commission
Washington, D.C. 20423

3/16/81

OFFICE OF THE SECRETARY

Richard E. Haesemeyer, Esq.

Bump & Haesemeyer, P.C.

#2 Corporate Place

1501 42nd Street

West Des Moines, Iowa 50265

Dear

Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 3/13/81 at 4:55pm, and assigned recordation number(s).

12983

Sincerely yours,

Agatha L. Mergenovich
Agatha L. Mergenovich
Secretary

Enclosure(s)

COUNTERPART

12983
RECORDATION NO. _____ Filed 1425

SECURITY AGREEMENT

MAR 13 1981 -4 52 PM

INTERSTATE COMMERCE COMMISSION

AGREEMENT made this 21st day of July, 1980, by and between AGRI Industries Leasing Company of 1605 19th S.W., City of Mason City, County of Cerro Gordo, State of Iowa, herein referred to as "Debtor," and American Grain and Related Industries (a Farmer-owned Cooperative) of 2829 Westown Parkway, City of West Des Moines, County of Polk, State of Iowa, herein referred to as "Secured Party."

In consideration of the mutual covenants and promises herein contained, Debtor and Secured Party hereby agree:

SECTION ONE
CREATION OF SECURITY INTEREST

For valuable consideration, receipt whereof is hereby acknowledged, Debtor hereby grants to Secured Party a security interest, pursuant to Chapter 554, 1979 Code of Iowa, in the equipment and other property owned by Debtor and described as follows:

One hundred (100) 4,750 cubic foot 100-ton covered hopper rail cars numbered ALEX 1100 through 1199, inclusive, manufactured by Pullman Incorporated (Pullman Standard Division), together with all replacements of every kind and nature therefor, accessories, equipment, parts, appliances and appurtenances now or hereafter a part thereof, substitutions therefor, and repairs thereto, all of which are herein referred to as collateral.

This security interest in the collateral is granted as security for:

- (a) The payment to Secured Party of:
 - (i) That certain Promissory Note of even date herewith executed by Debtor in favor of Secured Party in the amount of \$4,500,000 bearing interest at the rate of eleven and forty-two hundredths percent (11.42%) per annum payable in accordance with the terms thereof and any and all extensions or renewals of such note or any amounts owing thereon.

- (ii) All sums hereafter advanced and all expenditures hereafter made in addition to any advancements or expenditures necessarily made pursuant to the next paragraph by Secured Party to or for Debtor, and any and all indebtedness and obligations now or hereafter owing or due or becoming owing or due from Debtor to Secured Party.
- (b) The repayment of any and all sums and amounts that are necessarily advanced or expended by Secured Party or Secured Party's assigns for the maintenance or preservation of the collateral or any part thereof.
- (c) The payment and performance of all obligations and promises of Debtor herein contained.

SECTION TWO ASSIGNMENT OF INCOME

Debtor hereby assigns to Secured Party all rents, issues, income and profits of or from the collateral. Any money received by Secured Party under the provisions hereof may, at Secured Party's option, be applied on any indebtedness secured hereby.

SECTION THREE DEBTOR'S RIGHTS IN COLLATERAL

Debtor hereby declares and warrants to Secured Party that Debtor is the absolute owner of the collateral and that the collateral is free and clear of liens, security interests, encumbrances and adverse claims, with the exception of the security interest created by this agreement.

SECTION FOUR PERFECTION OF SECURITY INTEREST

Debtor shall keep this a first lien security interest in the collateral and, at Debtor's own expense, shall defend any and all actions and proceedings affecting title to the collateral, or any part thereof, or affecting Secured Party's security interest therein. Debtor shall, on demand at any time, make, do, execute and deliver all such further acts and documents as shall be required to render all of the collateral available for the security and satisfaction of Debtor's indebtedness hereunder.

SECTION FIVE
POWER OF ATTORNEY

Any officer of Secured Party is hereby irrevocably appointed the attorney-in-fact of Debtor, with full power of substitution, to sign any certificate of ownership, registrations, applications, affidavits or documents necessary to transfer title to any of the collateral, to receive and receipt for all licenses, registrations and certificates of ownership and to do all acts necessary or incident to the powers granted to Secured Party in this agreement as fully as Debtor might.

SECTION SIX
PROTECTION OF COLLATERAL

Debtor shall do all acts that may be necessary to maintain, preserve and protect the collateral and to keep the same in good operating condition, order and repair. If all or any part of the collateral becomes worn, damaged or destroyed, Debtor shall replace it by other property of equal value. Debtor shall not cause or permit any waste or unusual or unreasonable depreciation of the collateral or any act for which collateral might be confiscated. Debtor shall pay, at least ten (10) days before delinquency, all taxes, charges, assessments and liens now or hereafter levied or imposed on the collateral and shall not sell, lease, create a security interest in, encumber or dispose of all or any part of the collateral without Secured Party's written consent. At any time on Secured Party's demand, Debtor shall furnish Secured Party with a report showing the location, condition and use of the collateral and shall exhibit to and allow inspection by Secured Party of the collateral. Debtor shall provide, maintain and deliver to the Secured Party policies insuring the collateral against loss or damage by such risks and in such amounts, forms and insurers as Secured Party requires and with loss payable solely to Secured Party. If Secured Party takes possession of the collateral, the insurance policy or

policies and unearned or returned premiums thereof shall, at Secured Party's option, become the sole property of Secured Party, such policies hereby being assigned to Secured Party.

SECTION SEVEN USE OF COLLATERAL

Debtor shall register, use, operate and control the collateral in accordance with all the statutes, laws, ordinances and regulations relating to the registration, use and control of such collateral and accessories. In particular, Debtor shall comply with all applicable rules and regulations of the Interstate Commerce Commission and the interchange rules of the American Association of Railroads. Debtor shall neither use the collateral nor permit the collateral to be used for any unlawful purpose.

SECTION EIGHT PROTECTION OF SECURITY INTEREST

If Debtor fails to make any payment or to do any act herein required, Secured Party may, without obligation to do so and without notice to or demand on Debtor, make such advancements or expenditures and do such acts as Secured Party may deem necessary to protect Secured Party's security. Secured Party is hereby authorized, without limiting the general nature of the general authority herein conferred, to take possession of the collateral; to pay, purchase, contest and compromise any security interest, encumbrance, charge or lien that in Secured Party's judgment appears to be prior or superior to the security interest created by this agreement; and, in exercising any such powers and authority, to pay any and all necessary expenses, employ counsel and pay them reasonable fees. Secured Party's determination as to whether or not Debtor has failed to make any payment or do any act as herein required shall be final and conclusive. Debtor shall pay immediately

and without demand all sums expended by Secured Party pursuant to the provisions of this agreement with interest from date of expenditure at the highest legal rate.

SECTION NINE
DEFAULT; REMEDIES

If Debtor defaults in the payment of any of the indebtedness, obligations or liabilities secured hereby or in the performance of any of Debtor's other obligations, promises, warranties or declarations herein contained or secured hereby, Secured Party, at its option and without demand on or notice to Debtor, may declare all indebtedness, obligations and liabilities secured hereby, and all other sums owing by Debtor to Secured Party to be immediately due and payable. Secured Party shall thereupon have the remedies of the Secured Party under Chapter 554, 1979 Code of Iowa, including, without limitation, the rights to require Debtor to assemble the collateral and make it available to Secured Party at a place designated by Secured Party; to enter on the premises where the collateral may be and take possession thereof; and to remove and/or sell and/or dispose of the collateral or any part thereof at public and private sale on legal notice to Debtor. The collateral, or any part thereof, may be sold in one or more lots at one or more sales which may be held on different days and which need not be within view of the property being sold. Secured Party shall deduct and retain from the proceeds of such sale or sales all costs, expenses and charges paid or incurred in the taking, removal, handling and sale of the collateral, or otherwise incurred in connection therewith, including any reasonable attorney's fees incurred or paid by Secured Party. The balance of the proceeds shall be applied by Secured Party on the indebtedness, obligations and liabilities secured hereby in such order and manner as Secured Party may determine; and the surplus, if any, shall be paid to Debtor or to the person or persons lawfully

entitled to receive it. If suit is brought or any proceedings are instituted by Secured Party in connection with this Agreement, there shall be due from Debtor to Secured Party, immediately on the commencement thereof, a reasonable attorney's fee in such action or proceeding, which sum is hereby secured. In any such action or proceeding, Secured Party shall be entitled to the employment of a receiver, without notice, to take possession of all or any part of the collateral and to exercise such powers as the court shall confer upon such receiver. At any sale or sales made under this agreement or authorized herein, Secured Party, any person on behalf of Secured Party or any other person may bid for and purchase the collateral; and, in the event of such purchase, the purchaser shall hold the collateral thereafter discharged of all right of redemption. The right to plead any and all statutes of limitations as a defense to any demand secured by this agreement is hereby waived to the full extent and the longest period allowed by law.

SECTION TEN
WAIVER

Without in any way affecting Debtor's obligation hereunder, Secured Party may, from time to time and without notice, release or otherwise deal with any person now or hereafter liable for the payment or performance of any obligation hereunder or secured hereby; renew, extend or alter the time or terms of payment of any such obligation; and release, surrender or substitute any property or other security for any such obligation, or accept any type of further security therefor. Consent is hereby given to delay or indulge in enforcing payment or performance of any such obligation; and Debtor hereby waives diligence, presentment, protest, demand and notice of every kind, as well as the right to require Secured Party to proceed against any person liable for the payment of any such obligation or to

foreclose on, sell or otherwise realize on or collect or apply any other property, real or personal, securing such obligation, as a condition or prior to proceeding hereunder.

SECTION ELEVEN
CONSTRUCTION AND EFFECT OF AGREEMENT

This agreement shall be construed according to the terms of Chapter 554, 1979 Code of Iowa, and other applicable laws of the State of Iowa. Whenever the context so requires, the masculine gender includes the feminine and neuter, the singular number includes the plural, and the plural includes the singular. The words "Debtor" and "Secured Party," as used herein, shall be construed to include the heirs, legatees, devisees, administrators, executors, successors and assigns of Debtor and Secured Party. This agreement shall bind and inure to the benefit of such third persons.

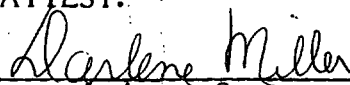
SECTION TWELVE
NOTICES

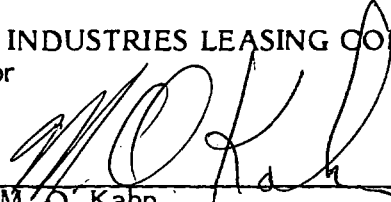
When the service of any notice on Debtor is necessary or convenient, said service may be had by deposit of such notice in the United States mail, postage prepaid, directed to Debtor at his address as first hereinabove written.

SECTION THIRTEEN
TERM OF AGREEMENT

This Security Agreement and the security interest and the collateral treated hereby shall terminate when Debtor has satisfied and paid in full all of the obligations of Debtor secured hereby.

IN WITNESS WHEREOF, the parties have executed this agreement at Des Moines, Iowa, the day and year first above written.

ATTEST: NO SEAL

Assistant Secretary

AGRI INDUSTRIES LEASING COMPANY,
Debtor
By 
M. O. Kahn
Vice President

ATTEST: 
Assistant Secretary

By R. P. Kevlin
Assistant Vice President

STATE OF IOWA)
) ss:
COUNTY OF CERRO GORDO)

On this 23 day of February, 1980, before me personally appeared M. O. Kahn, to me personally known, who being by me duly sworn says that he is the Vice President of AGRI Industries Leasing Company, that said corporation has no seal, that said instrument was signed on behalf of said corporation by authority of its Board of Directors and that he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public in and for the said
County and State

My commission expires

STATE OF IOWA)
) ss:
COUNTY OF POLK)

On this 23 day of February, 1981, before me personally appeared R. P. Kevlin, to me personally known, who being by me duly sworn says that he is the Assistant Vice President of American Grain and Related Industries (a Farmer-owned Cooperative), that said corporation has no seal, that said instrument was signed on behalf of said corporation by authority of its Board of Directors and that he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public in and for the said
County and State

My commission expires _____